

ELECTRICITY SUPPLY INDUSTRY SUPERANNUATION FUND (QLD)

ABN 33 761 363 685

**Annual financial report
for the year ended 30 June 2009**

ELECTRICITY SUPPLY INDUSTRY SUPERANNUATION FUND (QLD)

ABN 33 761 363 685

Contents

Statement of net assets	3
Statements of changes in net assets	4
Notes to the financial statements	5
Trustee's declaration	29
Independent audit report	30
Actuarial Statement for AAS 25	32

ELECTRICITY SUPPLY INDUSTRY SUPERANNUATION FUND (QLD)

Statement of net assets

As at 30 June 2009

	Note	2009 \$ '000 \$	2008 \$ '000 \$
Financial assets			
Units in unlisted unit trusts	9	2,357,160	2,563,141
Derivative financial assets	10	19,678	76,386
Shares in unlisted entities	11	18,938	19,337
		<u>2,395,776</u>	<u>2,658,864</u>
Other assets			
Cash and cash equivalents		12,966	1,252
Contributions receivable	19	3,544	2,107
Trade and other receivables	20	38,973	57,892
Other assets	21	317	273
Plant and equipment	22	893	624
Deferred tax assets	17	39,881	-
		<u>96,574</u>	<u>62,148</u>
Total assets		<u>2,492,350</u>	<u>2,721,012</u>
<i>less</i>			
Liabilities			
Benefits payable		3,607	7,839
Trade and other payables		1,888	5,360
Provisions	18	200	-
Current tax liability	17	1,360	2,861
Deferred tax liabilities	17	1,450	3,719
Total liabilities		<u>8,505</u>	<u>19,779</u>
Net assets available to pay benefits		<u>2,483,845</u>	<u>2,701,233</u>

The statement of net assets should be read in conjunction with the notes to the financial statements.

ELECTRICITY SUPPLY INDUSTRY SUPERANNUATION FUND (QLD)

Statement of changes in net assets

For the year ended 30 June 2009

	Note	2009 \$ '000	2008 \$ '000
NET ASSETS AVAILABLE TO PAY BENEFITS AT THE BEGINNING OF THE FINANCIAL YEAR		2,701,233	2,760,490
Investment revenue			
Interest		115	222
Dividends		-	19
Distributions from unit trusts	12(a)	115,826	230,004
Change in the net market value of investments	12(b)	(459,134)	(381,594)
Other		5,611	(1,848)
Direct investment expenses	14	(6,897)	(8,332)
Net investment revenue		(344,479)	(161,529)
Contributions revenue			
Employer		195,821	143,473
Member		34,432	60,317
Transfers from other funds	13	20,239	33,638
Total contribution revenue		250,492	237,428
Other revenue			
Proceeds from insurance policies		1,648	1,961
Total other revenue		1,648	1,961
Total revenue		(92,339)	77,860
Expenses			
General administration expenses	15	9,621	7,324
Surcharge expense/(refund)	2(s)	(2)	98
Group life premium		3,111	3,246
		12,730	10,668
Benefits			
Benefits paid	16	132,227	155,955
Total expenses before income tax		144,957	166,623
Surplus before income tax		(237,296)	(88,763)
Income tax (expense)/benefit	17	19,908	29,506
Surplus after income tax		(217,388)	(59,257)
NET ASSETS AVAILABLE TO PAY BENEFITS AT THE END OF THE FINANCIAL YEAR		2,483,845	2,701,233

The statement of changes in net assets should be read in conjunction with the notes to the financial statements.

1. Description of the fund

The Electricity Supply Industry Superannuation Fund (Qld) (ABN 33 761 363 685; RSE Registration No. R1000801) ("the Fund"), which was established under a Trust Deed, commenced on 1 July 1995 and is a regulated superannuation fund under the Superannuation Industry (Supervision) Act 1993. The fund is a superannuation fund domiciled in Australia and the Trustee at balance date is Electricity Supply Industry Superannuation (Qld) Ltd (ABN 30 069 634 439; RSE Licence No. L0000574).

The Fund provides for two broad classes of members. These are defined benefit members and accumulation members.

The Fund has outsourced the Administration of the Fund to ESI Financial Services Pty Ltd as of 1 July 2003.

The principal place of business and registered office of the Fund is:
Level 8, 100 Creek Street
BRISBANE QLD 4000

2. Significant accounting policies

Basis of preparation

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standard AAS 25 *Financial Reporting by Superannuation Plans*, as amended by AASB 2005-13 (December 2005), other applicable Accounting Standards, the provisions of the Trust Deed and the requirements of the Superannuation Industry (Supervision) Act 1993 and Regulations.

International Financial Reporting Standards ("IFRS") form the basis of Australian Accounting Standards adopted by the AASB. The financial report of the Fund does not comply with IFRSs, due to the requirements of AAS 25.

The financial statements were approved by the Board of Directors of the Trustee, Electricity Supply Industry Superannuation (QLD) Ltd on 27 October 2009.

(b) Functional and presentation currency

The financial statements are presented in Australian dollars, which is the functional currency of the Fund.

Amounts have been rounded to the nearest thousand dollars except where otherwise noted.

(c) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, significant areas of accounting judgements in applying accounting policies are described in the following note:

- (i) Recovery of deferred tax asset (note 2j)

In particular, significant areas of assumption and estimate in applying accounting policies are described in the following notes:

- (i) Valuation of accrued benefits (note 4)
- (ii) Valuation of financial assets (note 2f)

2. Summary of significant accounting policies *(continued)*

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements.

(d) Cash and cash equivalents

Cash and cash equivalents include deposits held at call with a bank or financial institution and highly liquid investments with short periods to maturity which are readily convertible to cash on hand at the Funds' option and are subject to insignificant risk of changes in value.

(e) Derivatives

The Fund is exposed to changes in interest rates, foreign exchange rates and commodity prices from its investments. The Fund uses the following derivative financial instruments to hedge those risks: interest rate swaps, forward rate agreements, interest rate futures, forward foreign exchange contracts, equity index futures and equity options. Derivatives are initially recognised at cost, being the fair value of the consideration given. After initial recognition investments and derivatives are measured at net market value in accordance with AAS 25. Further details of derivative financial instruments are disclosed in note 31 to the financial statements.

(f) Valuation of financial assets

Financial assets are included in the statement of net assets at net market value as at reporting date and changes in net market value of assets are recognised in the statement of changes in net assets in the periods in which they occur.

Estimated costs of disposal are deducted in the determination of net market value.

As disposal costs are generally immaterial, unless otherwise stated, net market value approximates fair value.

Net market values have been determined as follows:

(i) Units in unlisted unit trusts

The market value of the investment in unlisted unit trusts listed in note 9 is determined by reference to the unit redemption price as at the reporting date.

(ii) Derivative financial instruments

The market value of the investment in assets listed in note 10 is determined as if the contracts were closed out as at the reporting date.

(iii) Forward foreign currency contracts

The market value of forward foreign currency contracts (forwards) fluctuates with changes in foreign exchange rates. The forward contracts are consistently marked-to-market throughout the financial year. When the forward contract is closed, the Fund records a realised gain or loss equal to the difference between the value at the time the forward contract was entered into and the value at the time it was closed as a change in the net market value of investments in the statement of changes in net assets.

(iv) Private equity investments

Private equity investments listed in note 9 are valued according to the most recent valuation obtained from the underlying manager at net market value adjusted for subsequent new investments, redemptions and significant changes in underlying market conditions through to balance date.

(g) Foreign currency

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date.

Exchange differences are recognised in profit or loss in the period in which they arise except exchange differences on transactions entered into in order to hedge certain foreign currency risks.

2. Summary of significant accounting policies *(continued)***(h) Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of the GST recoverable from, or payable to, the ATO is included as a current asset or current liability in the statement of net assets.

(i) Benefits paid and payable

The Fund recognises a benefit as payable to a member when a valid withdrawal notice is received, and is approved by the Trustee in accordance with the Fund's Trust Deed.

(j) Income tax

Income tax on the benefits accrued as a result of operations for the year comprises current and deferred tax. Income tax is recognised in the statement of changes in net assets except to the extent that it relates to items recognised directly in members' funds in which case it is recognised directly in members' funds.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantially enacted at the statement of net assets date and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill, the initial recognition of assets and liabilities that affect neither accounting nor taxable profit, and differences relating to investments in controlled entities to the extent that it is not probable they will reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation of the asset or settlement of the liability, using tax rates enacted or substantively enacted at reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets on unrealised capital losses are recognised using the 1/3 discount approach and consequently recognised at 10%. Deferred tax assets are reviewed at each reporting date and are reduced to the extent it is no longer probable that the related tax benefit will be realised.

Income tax has been provided in the current year at the rate of 15% as it is the expectation of the Trustee that the Fund will be treated as a complying superannuation fund. If the Fund is subsequently deemed to be a non-complying fund for the current year, then income tax will be payable at a rate of 45% on the Fund's taxable income, the expense (and any corresponding liability) would then be brought to account in the period in which the assessments are received by the Trustee and are properly payable by the Fund.

No estimate has been made for the balance of any tax payable in respect of surchargeable contributions received by the Fund during the current year as the Trustee is unable to determine this amount until receipt of applicable assessments in the following period.

(k) Trade and other payables

Trade and other payables are recognised when the fund becomes obliged to make future payments resulting from the purchase of goods and services.

2. Summary of significant accounting policies *(continued)***(l) Revenue recognition**

To the extent in which it is probable that the economic benefits will flow to the Fund and the revenue can be reliably measured, revenue is recognised. The following recognition criteria relates to the different revenues the Fund has recognised:

Investment revenue, contributions and expenses are brought to account on an accrual basis. Transfers to the fund are brought to account when received.

(m) Investment revenue*Interest revenue*

Interest income is recognised in the income statement as it accrues.

Distributions from unit trusts

Distribution income is recognised on an accruals basis on the date the unit value is quoted ex-distribution.

Movement in net market value of investments

Changes in the net market value of investments are recognised as income/(loss) and are determined as the difference between the net market value at year end or consideration received (if sold during the year) and the net market value as at the prior year end or cost (if the investment was acquired during the period).

(n) Contribution revenue*Employer and member contributions*

Contributions are recognised when the Fund has control of the asset and are recorded in the period to which they relate.

Government co-contributions

Superannuation co-contributions for the Australian Government are recognised on a cash basis as this is the only point at which measurement is reliable. Amounts are recognised when superannuation co-contribution receipts are received by the Fund.

Transfers from other funds

Transfers from other funds are recognised on a cash basis as this is the only point at which measurement is reliable. Amounts are recognised when transfer receipts are received by the Fund.

(o) Other revenue*Group life premium refund*

Refunds from the insurer are recognised when the refund amount is made available for the benefit of the Fund.

Group life claims

Insurance claim amounts are recognised when the insurer has agreed to pay the claim lodged.

(p) Impairment of assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised when the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

2. Summary of significant accounting policies *(continued)***(q) Plant and equipment**

All items of property, plant and equipment have limited useful lives and are depreciated either using the straight line method or diminishing value method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives. Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed. Depreciation rates and methods are reviewed periodically for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only.

The depreciation rates used for each class of asset are as follows:

Plant & Equipment	7.5% to 20%
-------------------	-------------

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2(p)).

Gains and losses on disposals are determined by comparing the proceeds from disposal with carrying amounts. These are included in the income statements. When revalued assets are sold, it is Company policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(r) Liability for accrued benefits

The liability for accrued benefits is not included in the statement of net assets, but the liability at the latest measurement date is reported at note 4. Where accrued benefits are measured during the reporting period, the benefits which have accrued since the latest measurement date are also reported by way of note.

The liability for the defined benefit members' accrued benefits is actuarially measured, and represents the value of the present obligation to pay benefits to those members and other beneficiaries at the date of measurement. The liability is determined as the present value of expected future payments which arise from membership of the Fund up to the date of measurement. The present value reported in the Notes is determined by reference to expected future salary levels and by application of a current market-based, risk adjusted discount rate and appropriate actuarial assumptions.

The liability for accrued benefits of the defined contribution members is the present obligation to pay benefits to those members and beneficiaries and has been calculated as the difference between the carrying amounts of the assets and the carrying amounts of the sundry liabilities and income tax liabilities as at the reporting date.

The report on the latest actuarial investigation of the plan, as at 30 June 2008 contains details of the accrued benefit liability at that date. The report also gives details of the basis used to calculate the accrued benefit liability. A summary of the actuarial report is appended to these financial statements.

(s) Superannuation contributions surcharge

The Trustee recognises amounts paid or payable in respect of the surcharge tax as an expense of the Fund at the time of receipt of an assessment from the Australian Taxation Office and are brought to account in the period in which the assessments are received by the Trustee. The cost of the surcharge is charged to the relevant member's account. No estimate has been made for the balance of any tax payable in respect of the surchargeable contributions received by the Fund during the current year as the Trustee is unable to determine this amount until receipt of applicable assessments in the following period.

The Superannuation Laws Amendment (Abolition of Surcharge) Act 2005 abolishes both the superannuation contribution surcharge and the termination payment surcharge in respect of superannuation contributions and certain termination payments made or received on or after 1 July 2005. Assessments for surcharge in respect of contributions and payments for the year ended 30 June 2005 and prior years will continue to be issued and remain payable.

2. Summary of significant accounting policies *(continued)***(t) Employee benefits**

The Fund does not directly employ any staff. The Fund Secretary and Management personnel are employed via the wholly owned subsidiary ESI Financial Services Pty Ltd. Accordingly, disclosures for the employee benefits of the Fund Secretary and Management personnel are contained in the statutory accounts of ESI Financial Services Pty Ltd.

(u) Lease payments

Leases in which substantially all risks and rewards of ownership are retained by the lessor are classified as an operating lease.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(v) Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

(i) Make good obligations

The Fund's lease for office space at 100 Creek Street Brisbane expires on 31 May 2018.

Under AIFRS, the Fund is required to recognise a provision for future expenditure associated with make good clauses contained within a lease. The other side of the provision will create an asset account such as "leasehold improvements - make good".

(w) Rounding

All amounts have been rounded to the nearest thousand dollars, except where otherwise indicated.

(x) Comparatives

Where necessary, comparatives are being adjusted to conform with changes in presentation and disclosure.

(y) New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations are available for early adoption at 30 June 2009, but have not been applied in preparing this financial report (because they do not have any impact on the entity or are not applicable to superannuation funds):

(i) AASB 101 *Presentation of Financial Statements* (Revised, September 2007) and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 (September 2007); Revised AASB 101 *Presentation of Financial Statements* introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement) or, in an income statement and a separate statement of comprehensive income. The revised AASB 101 will become mandatory for the Fund's 31 December 2009 financial statements. The Fund has not yet determined the potential effect of the revised standard on the Fund's disclosures, however it is expected to be minimal due to the requirements of AAS 25 Financial Reporting by Superannuation Plans.

(ii) AASB 2009-2 Amendments to Australian Accounting Standards - *Improving Disclosures about Financial Instruments* (AASB 4, AASB 7, AASB 1023 and AASB 1038) requires disclosures of financial instruments measured at fair value to be based on a three-level fair value hierarchy that reflects the significance of the inputs in such fair value measurements as well as requiring additional qualitative and quantitative disclosures of liquidity risk. AASB 2009-2 will become mandatory for the Fund's 30 June 2010 financial statements. The Fund has not yet determined the potential effect of the revised standard on the Fund's disclosures.

(iii) AASB 8 *Operating Segments* introduces the "management approach" to segment reporting. AASB 8, which becomes mandatory for the Fund's 30 June 2010 financial statements, will require a change in the presentation on and disclosure of segment information based on the internal reports regularly reviewed by the Fund's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them. Currently the Fund presents segment information in respect of its geographical segments (see note 34). Under the management approach, the Fund will present segment information in respect of direct international and domestic investments.

3. Key management personnel disclosures

Key management personnel includes both directors of the Trustee Company and executives who have authority and responsibility for planning, directing and controlling the activities of the Fund.

(a) Directors of Trustee Company

The following persons were non-executive directors of the Trustee during the financial year:

(i) Chairman - non-executive

R J Henricks

(ii) Non-executive directors

J A Bird

K J Camp

S A Israel

W S Price

W W Threlfall

D C Smith

J Geldard

(iii) Alternate director

Richard Williams (Appointed as D C Smith's Alternative)

(b) Other key management personnel

The following persons also had authority and responsibility for planning, directing, and controlling the activities of the Fund, directly or indirectly, during the financial year:

Karen Gibson (Resigned from the position of Chief Executive Officer on 5 February 2009)

Robyn Petrou (Appointed as a Chief Executive Officer on 2 February 2009)

Matthew Griffith (Fund Secretary)

(c) Remuneration of directors

Principles used to determine the nature and amount of remuneration

(i) Directors' fees

The Board of Directors determines the Company's directors' fees. Directors receiving directors fees personally also receive the statutory superannuation contributions, as required. All directors are reimbursed for reasonable expenses incurred while conducting business on behalf of the Company and Fund. Directors are not entitled to performance based incentive payments.

(ii) Remuneration for executives

The Board of Directors determines CEO and the Fund Secretary's remuneration, which includes the statutory superannuation contributions, as required. The CEO and the Fund Secretary are also reimbursed for reasonable expenses incurred while conducting business on behalf of the Fund.

(iii) Compensation - key management personnel

During the period ended 30 June 2009 remuneration, retirement benefits and other non-monetary benefits amounting to \$713,738 (2008: \$641,749) were paid to or on behalf of the directors and key management personnel in connection with the management of the Fund.

	2009	2008
	\$	\$
Short term employee benefits	617,519	562,640
Post-employment benefits	59,579	52,109
Bonus	39,488	27,000
Total	<u>716,586</u>	<u>641,749</u>

Key management personnel includes directors' and executives remuneration.

Any director of the Trustee company who is a member of the Fund contributes and receives benefits on the same terms and conditions as those available to other members.

4. Liability for accrued benefits

Accrued benefits have been determined on the basis of the present value of expected future payments which arise from membership of the Fund up to the date of the actuarial review. The figure reported has been determined by reference to expected future salary levels and by application of a discount rate and other relevant actuarial assumptions. The valuation of accrued benefits was undertaken by a qualified and independent actuary as part of a comprehensive actuarial review which was performed as at 30 June 2008. Accrued benefits were previously valued as part of a comprehensive actuarial review undertaken as at 1 July 2005.

	2008 \$'000	2005 \$'000
Accrued benefits	2,674,806	1,778,732

5. Vested benefits

Vested benefits are benefits which are not conditional upon continued membership of the Fund (or any factor other than resignation from the Fund) and include benefits which members were entitled to receive had they terminated their Fund membership as at the reporting date.

	2009 \$'000	2008 \$'000
Vested benefits as at 30 June	2,569,502	2,584,898

6. Guaranteed benefits

No guarantees have been made in respect of any part of the liability for accrued benefits.

7. Funding arrangements

The funding policy adopted in respect of the Fund is directed at ensuring that the benefits accruing to members and beneficiaries are fully funded as benefits fall due. As such, in framing employer and member contribution rates, the actuary considers long term trends in such factors as Fund membership, salary growth, investment earnings and average market value of the Fund's assets.

In the past the employers have contributed to the Fund at the rate recommended by the actuary.

In 2009 that rate was approximately 7.5% (2008: 6%) of the gross salaries of those employees who were members of the plan. Employees contributed to the plan during 2009 at the rate of 5% (2008: 5%) of gross salary. Future employer contribution rates recommended in the actuarial valuation have factored in the decline in investment performance due to the global economic crisis.

The actuarial report to these financial statements includes the actuary's opinion as to the financial condition of the Fund as at the last valuation date.

8. Solvency

Market volatility has negatively impacted the Fund's financial position and also resulting in a deficit after income tax for the year ended 30 June 2009. Based on the most recent actuarial investigation, the Fund had a Vested Benefit Index of 109% as at 30 June 2008. The projected Defined Benefit Index is expected to fall to approximately 90% as at 30 June 2009. The Trustee has assessed that the Fund is solvent (including the defined benefit portion) based on the following mitigating factors:

- A number of employer sponsors have made lump sum contributions and additional contributions for the smoothed investment option before 30 June 2009 amounting to \$33,854,156.
- The Actuary has recommended an increase in the contribution rates for employer sponsors in the defined benefit component of the Fund.
- The Fund continues to actively manage its investment strategy to consider a long-term objective whilst continuing to monitor liquidity requirements.

ELECTRICITY SUPPLY INDUSTRY SUPERANNUATION FUND (QLD)

Notes to the financial statements

For the year ended 30 June 2009

	2009 \$'000	2008 \$'000
9. Units in unlisted unit trusts		
(a) Australian shares		
QIC Implemented Australian Equities Fund	450,884	532,569
QIC Active Small Companies Fund No. 1	13,286	17,839
Contango	21,833	34,789
BT Focus Australian Share Fund	68,597	84,634
(b) International shares		
AMP Future Directions Core International Share Fund	348,438	460,763
AMP Future Directions Extended Markets International Share Fund	51,205	61,088
AMP Future Directions Emerging Markets	45,369	52,397
(c) Fixed interest		
QIC Diversified Fixed Interest Fund	308,648	611,744
Super Business Loans Trust No.1	5,938	5,491
(d) Property		
QIC Property Fund	235,312	267,343
Trinity Property Trust	29,272	39,528
(e) Cash Enhanced		
QIC Cash Enhanced Fund	317,299	182,601
(f) SRI		
BT Institutional Ethical Balanced Fund	3,597	1,687
(g) Growth Alternative		
Macquarie Alternative Investment Trust No.3	13,164	16,438
Macquarie Alternative Investment Trust No.4	10,415	11,795
Quay Australia 2 Fund	5,743	6,978
Queensland Private Capital Fund	102,733	78,112
Trinity Opportunistic Property Fund No.1	6,975	7,050
BGI Global Ascent Fund	22,459	22,115
Macquarie Global Infrastructure Fund III	27,645	21,963
The Private Capital Group - Private Capital Units III	2,597	2,425
Mellon Global Alpha Trust	12,844	16,118
AMP Airports	10,051	9,899
Russell Global Property	9,115	4,710
Quay Australia 4 Fund	7,724	5,070
AMP Infrastructure Equity	20,092	7,995
Franklin Templeton Asian Real Estate (Feeder) Fund	9,495	-
Trinity Cons Land Trust	5,492	-
Harbourvest Dover Street VII	9,860	-
Siguler Guff Distressed Opp Fund	7,084	-
Hamilton Lane Co-Investment Fund II L.P.	8,634	-
(h) Defensive Alternative		
Stone Harbour High Yield Bond Fund	35,993	-
Apostle Loomis Sayles Credit Opp Fund	23,599	-
Stone Harbour Emerging Market	1,956	-
(i) Cash Deposit		
QIC Cash Deposit Fund	103,812	-
	2,357,160	2,563,141
10. Derivative financial assets		
QIC Derivative Overlays	19,678	76,386
	19,678	76,386
11. Shares in unlisted entities		
ESI Financial Services Pty Ltd	621	620
Pantheon Global Secondary Fund II	5,501	7,644
Lexington Capital Partners VI-B LP	12,816	11,073
	18,938	19,337

ELECTRICITY SUPPLY INDUSTRY SUPERANNUATION FUND (QLD)

Notes to the financial statements

For the year ended 30 June 2009

	2009 \$'000	2008 \$'000
12. Net investment revenue		
(a) Trust distributions		
QIC Implemented Australian Equities Fund	13,700	63,778
AMP Future Directions Core International Share Fund	12,992	12,699
QIC Australian Equities Fund	-	9,617
QIC Diversified Fixed Interest Fund	50,283	49,001
QIC Active Large Companies Fund No. 1	-	4,879
QIC Property Fund	13,424	46,170
AMP Future Directions Extended Markets International Share Fund	1,036	1,191
QIC Cash Enhanced Fund	11,042	12,260
Queensland Private Capital Fund	453	6,385
BGI Global Ascent Fund	-	1,210
QIC Active Small Companies Fund No. 1	699	3,986
Trinity Property Trust	1,824	3,179
Trinity Opportunistic Property Fund No 1 **	(170)	170
Macquarie Alternative Investment Trust No.3	153	2,922
Quay Australia 2 Fund	134	759
Pantheon Global Secondary Fund II	1,318	1,406
Lexington Capital Partners VI-B LP	1,322	1,287
Macquarie Alternative Investment Trust No.4	1,299	-
The Private Capital Group - Private Capital Units III	-	59
Suncorp Investment Management Ethical Balanced Trust	-	21
Super Business Loans Trust No.1	612	265
Suncorp Hi Alpha	-	1,574
AMP Future Directions Emerging Markets	72	3,872
Mellon Global Alpha Trust	-	1,873
AMP Airports	326	418
Russell Global Property	53	-
AMP Infrastructure Equity	1,263	433
Contango	482	542
BT Institutional Ethical Balanced Fund	51	49
BT Focus Australian Share Fund	2,381	-
Hamilton Lane Co-Investment Fund II L.P.	126	-
Siguler Guff Distressed Opp Fund	8	-
Harbourvest Dover Street VII	446	-
QIC Cash Deposit Fund	497	-
	115,826	230,004

** Negative amount in 2009 relates to the reversal of income receivable in 2008.

ELECTRICITY SUPPLY INDUSTRY SUPERANNUATION FUND (QLD)

Notes to the financial statements

For the year ended 30 June 2009

12. Net investment revenue <i>(continued)</i>	2009 \$'000	2008 \$'000
(b) Changes in net market value of investments		
<i>Investments held at the end of the financial year</i>		
AMP Airports	151	(101)
AMP Future Directions Emerging Markets	(7,028)	(11,475)
AMP Future Directions Core International Share Fund	(112,325)	(130,048)
AMP Future Directions Extended Markets International Share Fund	(9,883)	(15,368)
AMP Infrastructure Equity	(3,501)	(1,049)
BGI Global Ascent Fund	(866)	(550)
BT Institutional Ethical Balanced Fund	(206)	(122)
BT Focus Australian Share Fund	(17,898)	(1,595)
Contango	(13,554)	(5,259)
Lexington Capital Partners VI-B LP	(3,830)	(810)
Macquarie Alternative Investment Trust No.3	(4,398)	(2,711)
Macquarie Alternative Investment Trust No.4	(4,130)	(285)
Macquarie Global Infrastructure Fund III	(1,368)	(987)
Mellon Global Alpha Trust	(4,353)	(4,142)
Pantheon Global Secondary Fund II	(7,698)	-
QIC Active Small Companies Fund No. 1	(7,327)	(13,516)
QIC Cash Enhanced Fund	571	(2,269)
QIC Derivative Overlays	(69,763)	716
QIC Diversified Fixed Interest Fund	(17,597)	(22,396)
QIC Implemented Australian Equities Fund	(116,319)	(123,926)
QIC Property Fund	(38,546)	(10,483)
Quay Australia 2 Fund	(1,832)	(112)
Quay Australia 4 Fund	(1,535)	(96)
Queensland Private Capital Fund	2,591	6,282
Super Business Loans Trust No.1	(49)	(85)
The Private Capital Group - Private Capital Units III	(1,054)	(540)
Trinity Opportunistic Property Fund No.1	(3,025)	-
Trinity Property Trust	(10,256)	1,484
Russell Global Property	(2,383)	(247)
Franklin Templeton Asian Real Estate (Feeder) Fund	(1,382)	-
Hamilton Lane Co-Investment Fund II L.P.	(1,694)	-
Siguler Guff Distressed Opp Fund	351	-
Trinity Cons Land Trust	(4,508)	-
Harbourvest Dover Street VII	(1,875)	-
Stone Harbour High Yield Bond Fund	7,491	-
Apostle Loomis Sayles Credit Opp Fund	3,599	-
Stone Harbour Emerging Market	349	-
QIC Cash Deposit Fund	(18)	-
	(455,098)	(339,690)
<i>Investments realised during the financial year</i>		
QIC Cash Fund	-	5
QIC Australian Equities Fund I	-	(17,080)
QIC Active Large Companies Fund No. 1	-	(10,437)
QIC Transition	-	5,200
Suncorp High Alpha	-	1,926
Suncorp High Alpha Mandate	-	(21,397)
Suncorp Investment Management Ethical Balanced Trust	-	(121)
Mellon Global Alpha Trust	(64)	-
QIC Cash Deposit Fund	13	-
QIC Cash Enhanced Fund	(2,116)	-
QIC Diversified Fixed Interest Fund	(1,978)	-
Stone Harbour High Yield Bond Fund	109	-
	(4,036)	(41,904)
	(459,134)	(381,594)

ELECTRICITY SUPPLY INDUSTRY SUPERANNUATION FUND (QLD)

Notes to the financial statements

For the year ended 30 June 2009

13. Transfers to the Fund

For the year ended 30 June 2009, \$20,238,686 (2008: \$33,638,063) was transferred into the Fund from other complying superannuation funds.

14. Direct investment expenses

	2009	2008
	\$ '000	\$ '000
Investment management fees	6,451	8,191
Asset consultant fees	359	141
Custodian fees	87	-
	<u>6,897</u>	<u>8,332</u>

These are expenses charged directly to the Fund for the management of the Fund's investments and advice from professional investment advisers.

15. General administration expenses

Administration charges	7,305	6,228
Consulting fees	510	68
Trustee expenses	475	407
Staff related expenses	33	33
Audit fees	107	65
Legal fees	123	93
APRA membership fees	223	222
Rent	625	48
Other expenses	220	161
	<u>9,621</u>	<u>7,324</u>

16. Benefits

Resignations	117	13
Retirements	34,175	46,785
Death	3,017	7,279
Disablement	4,369	1,756
Pensions	20,098	18,232
Transfer to other funds	46,694	45,244
Other benefit payments	23,757	36,646
	<u>132,227</u>	<u>155,955</u>

17. Income tax

(a) Income tax expense/(benefit)

The components of income tax expense/(benefit) comprise :

Current tax expense	20,228	25,060
Deferred tax expense/(revenue)	(39,511)	(48,626)
Over provision for income tax in prior years	(625)	(5,940)
	<u>(19,908)</u>	<u>(29,506)</u>

ELECTRICITY SUPPLY INDUSTRY SUPERANNUATION FUND (QLD)

Notes to the financial statements

For the year ended 30 June 2009

17. Income tax <i>(continued)</i>	2009 \$ '000	2008 \$ '000
(b) Numerical reconciliation between income tax expense and net change for the year before income tax		
Net change for the year before income tax	<u>(237,296)</u>	<u>(88,763)</u>
Tax at the complying superannuation fund tax rate of 15% (2008: 15%)	(35,594)	(13,314)
Increase in income tax expense due to:		
- imputation and foreign tax credits	2,248	2,098
- non temporary differences on investments	18,872	-
- superannuation contributions surcharge	0	15
- benefits paid to members	19,834	23,391
- under provision for income tax in prior years	-	-
Decrease in tax expense due to:		
- members undeducted contributions	(5,077)	(9,048)
- members benefits transferred in	(3,119)	(4,970)
- estimated premium for death & disability cover	(743)	(727)
- tax free / deferred income	(0)	(8)
- over provision for income tax in prior years	(625)	(5,940)
- non temporary differences on investments	-	(5,452)
- exempt pension income	(718)	(1,562)
	<u>(4,920)</u>	<u>(15,517)</u>
Less Credits		
- imputation and foreign tax credits	(14,988)	(13,989)
Income Tax Expense	<u>(19,908)</u>	<u>(29,506)</u>
The tax rate used in the above calculation is the superannuation tax rate of 15% payable by Australian superannuation funds on taxable profits under Australian tax law. There has been no change in the superannuation tax rate when compared with the previous reporting period.		
(c) Current tax liability		
Current tax liabilities:		
Income tax payable	1,360	2,861
	<u>1,360</u>	<u>2,861</u>
(d) Deferred tax assets		
The balance comprises temporary differences attributable to:		
Trade and other payables	7	-
Realised capital losses	39	-
Fixed assets	3	-
Unrealised loss on investments	39,832	-
	<u>39,881</u>	<u>-</u>
Reconciliation of movements:		
(i) Movements - Trade and other payables		
Opening balance at 1 July	-	6
Credited/(charged) to the income statement	7	(6)
Closing balance at 30 June	<u>7</u>	<u>-</u>
(ii) Movements - Realised capital losses		
Opening balance at 1 July	-	-
Credited/(charged) to the income statement	39	-
Closing balance at 30 June	<u>39</u>	<u>-</u>
(iii) Movements - Fixed assets		
Opening balance at 1 July	-	-
Credited/(charged) to the income statement	3	-
Closing balance at 30 June	<u>3</u>	<u>-</u>
(iv) Movements - Unrealised loss on investments		
Opening balance at 1 July	-	-
Credited/(charged) to the income statement	39,832	-
Closing balance at 30 June	<u>39,832</u>	<u>-</u>

ELECTRICITY SUPPLY INDUSTRY SUPERANNUATION FUND (QLD)

Notes to the financial statements

For the year ended 30 June 2009

17	Income tax (continued)	2009 \$ '000	2008 \$ '000
	(e) Deferred tax liabilities		
	The balance comprises temporary differences attributable to:		
	Unrealised gains in investments	785	3,403
	Contributions receivable	531	316
	Distributions receivable	134	-
		<u>1,450</u>	<u>3,719</u>
	Reconciliation of movements:		
	(i) Movements - Unrealised gains in investments		
	Opening balance at 1 July	3,403	51,899
	Credited/(charged) to the income statement	(2,618)	(48,496)
	Closing balance at 30 June	<u>785</u>	<u>3,403</u>
	(ii) Movements - Contributions receivable		
	Opening balance at 1 July	316	440
	Credited/(charged) to the income statement	215	(124)
	Closing balance at 30 June	<u>531</u>	<u>316</u>
	(ii) Movements - Distributions receivable		
	Opening balance at 1 July	-	-
	Credited/(charged) to the income statement	134	-
	Closing balance at 30 June	<u>134</u>	<u>-</u>
18.	Provisions - Leasehold make good obligations		
	Opening balance	-	-
	Movement	200	-
	Closing balance	<u>200</u>	<u>-</u>
	The provision was made to provide for make good obligations under the lease agreement for the office space at 100 Creek Street, Brisbane, which expires on 31 May 2018.		
19.	Contributions receivable		
	Contributions receivable includes those contributions received by the Fund after 30 June 2009 that relate to salaries actually paid by employers to members prior to 1 July 2009.		
20.	Trade and other receivables		
	Distributions receivable from Investment Managers for the year ended 30 June 2009 are shown as income receivable.		
		2009 \$ '000	2008 \$ '000
	Income receivable		
	AMP Future Directions Core International Share Fund	1,144	-
	AMP Future Directions Extended Markets International Share Fund	174	-
	QIC Implemented Australian Equities Fund	5,454	30,532
	QIC Australian Equities Fund	-	-
	QIC Diversified Fixed Interest Fund	20,822	3,041
	QIC Property Fund	2,946	3,221
	QIC Cash Enhanced Fund	3,665	5,000
	Queensland Private Capital Fund	453	6,385
	Trinity Property Trust	891	2,313
	Trinity Opportunistic Property Fund No 1	-	170
	Macquarie Alternative Investment Trust No.3	-	544
	QIC Active Small Companies Fund No. 1	161	2,682
	Super Business Loans Trust No.1	116	-
	Lexington Capital Partners VI-B LP	19	-
	BGI Global Ascent Fund	-	1,210
	Contango	482	542
	AMP Future Directions Emerging Markets	72	-
	Mellon Global Alpha Trust	-	1,357
	AMP Airports	125	70
	AMP Infrastructure Equity	1,263	433
	BT Institutional Ethical Balanced Fund	26	40
	BT Focus Australian Share Fund	702	-
	Siguler Guff Distressed Opp Fund	1	-
	QIC Cash Deposit Fund	150	-
		<u>38,666</u>	<u>57,540</u>
	Other receivables		
	Debtors	3	-
	GST refundable	114	-
	Other	190	352
		<u>307</u>	<u>352</u>
		<u>38,973</u>	<u>57,892</u>

ELECTRICITY SUPPLY INDUSTRY SUPERANNUATION FUND (QLD)

Notes to the financial statements
For the year ended 30 June 2009

	2009 \$ '000	2008 \$ '000
21. Other assets		
Prepaid expenses	317	273
22. Plant and equipment		
Plant and equipment at cost	988	628
Accumulated depreciation	(95)	(4)
Total plant & equipment	893	624
<i>Reconciliation</i>		
Carrying amount at beginning	624	26
Additions	359	628
Disposals	-	(26)
Depreciation	(90)	(4)
Carrying amount at end	893	624

23. Interest in ESI Financial Services Pty Ltd

The Trustee on behalf of the Fund hold 100% of the ordinary share capital of ESI Financial Services Pty Ltd at a cost of \$620,511 (2008: \$620,511).

Separate consolidated financial statements have not been prepared as the Trustee is of the opinion that these would not be materially different from the financial statements of the Fund as an individual entity.

24. Related party transactions

(a) Related parties

(i) Parent Entity

Shares in ESI Financial Services Pty Ltd ("the Company") are held by Electricity Supply Industry Superannuation (Qld) Ltd as trustee for Electricity Supply Industry Superannuation Fund (Qld) ("the Fund").

The Fund has provided a guarantee to the ANZ Banking Group Limited in respect of an Overdraft Facility of \$250,000 (2008: \$250,000) and an Indemnity/Guarantee Facility of \$20,000 (2008: \$72,000) for ESI Financial Services Pty Ltd. These facilities may be terminated at any time without penalty by the Company at the election of the Parent Entity.

(ii) Key management personnel

Disclosures relating to key management personnel are set out in note 3.

(iii) Other related party transactions

The Fund paid superannuation administration fees of \$5,520,683 (2008: \$4,520,487) and financial planning fees of \$1,784,680 (2008: \$1,707,480) to ESI Financial Services Pty Ltd during the year. The Fund also received \$579,523 in rental income from ESI Financial Services.

The Fund received from ESI Financial Services employer contributions revenue of \$510,884 (2008: \$510,108) during the financial year. Contributions receivable as at 30 June 2009 was \$40,761 (2008: \$28,023).

There is a loan receivable from ESI Financial Services of \$358,142 (2008: \$118,023).

The Fund pays a premium for Trustee liability insurance to which the directors (and indirectly the Fund) receive the benefit. This insurance forms part of the definition of directors of the Trustee remuneration, but due to impracticality, the insurance premium has not been allocated to each director.

(iv) Agreements

The Company has an administration agreement in place to recover the costs of operation regarding Administration of the Fund. The Company also has in place an agreement covering the provision of financial planning services to the Fund.

(b) ESI Financial Services Pty Ltd

Administration Fees were paid to ESI Financial Services Pty Ltd during the year.

	2009 \$ '000	2008 \$ '000
Administration Fees	5,521	4,520
Administration Fees Payable	571	677
Retirement Planning Fees	1,785	1,707
Retirement Planning Fees Payable	9	-

ELECTRICITY SUPPLY INDUSTRY SUPERANNUATION FUND (QLD)

Notes to the financial statements
For the year ended 30 June 2009

25. Capital expenditure and leasing commitments

There are no future capital expenditure commitments at 30 June 2009 (2008: nil).

26. Operating Leases

Non-cancellable operating lease rentals are payable as follows:

	2009 \$ '000	2008 \$ '000
Less than one year	561	537
Between one and five years	2,509	2,401
More than five years	2,924	3,593
	5,994	6,531

The Fund leases premises under an operation lease. The lease runs for a period of ten years, commencing June 2008 and terminating on May 2018.

For the year ended 30 June 2009, \$625,227 was recognised as an expense in the statement of changes in net assets in respect of operating leases (2008: \$43,760).

27. (a) Investment commitments for uncalled capital at 30 June 2008

	Commitment	Paid Up	Balance of Commitment	\$AUD Equivalent
Pantheon Global Secondary Fund II	US\$10,000,000	US\$7,410,000	US\$2,590,000	2,671,756
Macquarie Global Infrastructure Fund III	30,000,000	21,450,000	8,550,000	8,550,000
Macquarie Alternative Investment Trust III	25,000,000	20,625,000	4,375,000	4,375,000
Macquarie Alternative Investment Trust IV	25,000,000	11,795,000	13,205,000	13,205,000
Lexington Capital Partners VI-B LP	US\$20,000,000	US\$11,527,637	US\$8,432,363	8,739,801
Quay Australia 2 Fund	9,657,961	7,856,707	1,801,254	1,801,254
Trinity Opportunistic Property Fund No. 1	10,000,000	7,050,000	2,950,000	2,950,000
The Private Capital Group - Private Capital Units III	10,000,000	2,851,660	7,148,340	7,148,340
Russell Global Property Fund I	US\$53,292,000	US\$4,796,280	US\$48,495,720	50,026,532
Quay Australia 4 Fund	30,000,000	5,165,910	24,834,091	24,834,091
AMP Infrastructure Equity Fund	40,000,000	9,042,501	30,957,499	30,957,499
Total commitment for uncalled capital				155,259,272

(b) Investment commitments for uncalled capital at 30 June 2009

	Commitment	Paid Up	Balance of Commitment	\$AUD Equivalent
Pantheon Global Secondary Fund II	US\$10,000,000	US\$8,250,000	US\$1,750,000	2,156,766
Macquarie Global Infrastructure Fund III	30,000,000	30,000,000	-	-
Macquarie Alternative Investment Trust III	25,000,000	21,740,529	3,259,471	3,259,471
Macquarie Alternative Investment Trust IV	25,000,000	14,625,000	10,375,000	10,375,000
Lexington Capital Partners VI-B LP	US\$20,000,000	US\$15,610,904	US\$4,389,096	5,409,287
Quay Australia 2 Fund	9,657,961	8,454,835	1,203,125	1,203,125
Trinity Opportunistic Property Fund No. 1	10,000,000	10,000,000	-	-
The Private Capital Group - Private Capital Units III	10,000,000	4,138,814	5,861,186	5,861,186
Russell Global Property Fund I	US\$53,292,000	US\$10,658,400	US\$42,633,600	52,543,258
Quay Australia 4 Fund	30,000,000	9,354,792	20,645,208	20,645,207
AMP Infrastructure Equity Fund	40,000,000	24,642,501	15,357,499	15,357,498
Franklin Templeton Asian Real Estate (Feeder) Fund	USD\$27,000,000	US\$9,407,733	US\$17,592,267	21,681,374
Hamilton Lane Co-Investment Fund II L.P.	USD\$47,000,000	US\$8,151,486	US\$38,848,514	47,878,375
Siguler Guff Distressed Opp Fund	USD\$12,500,000	US\$5,375,000	US\$7,125,000	8,781,119
Trinity Cons Land Trust	10,000,000	10,000,000	-	-
Harbourvest Dover Street VII	USD\$50,000,000	US\$8,410,228	US\$41,589,772	51,256,805
Total commitment for uncalled capital				246,408,471

28. Contingent liabilities

The Fund has an Administration Agreement with ESI Financial Services Pty Ltd for the provision of administrative services. As part of this agreement, the Fund is required to pay administration fees based on ESI Financial Services Pty Ltd's budget and internal costs incurred in administering the Fund above budget.

The Fund has provided ANZ Banking Group Limited a guarantee limited to \$270,000 as security on account of ESI Financial Services Pty Ltd (2008: \$322,000). In addition, the Fund has provided ISPT Custodians Pty Ltd a guarantee limited to \$305,593 for the lease of office space at 100 Creek Street, Brisbane.

Other than this, the Fund has no other known contingent liabilities.

29. Contingent assets

The Fund has no other known contingent assets (2008: nil).

30. Capital management

The Fund's capital consists of financial assets and liabilities, including liabilities accrued to members of the Fund.

The Trustee controls the capital of the Fund to ensure that adequate cash flows are generated to meet financial liabilities and that returns from investments are maximised. The Trustee ensures that the overall risk management strategy is in line with this objective.

The Trustee effectively manages the Fund's capital by assessing the Fund's financial risks and responding to changes in these risks and in the market.

Other than the measures outlined in note 8 regarding the solvency of the Fund, there have been no changes in the strategy adopted by the Trustees to control the capital of the Fund since prior year. The Fund is not able to borrow under legislative requirements. The Fund ensures that sufficient cash is at hand to meet financial obligations as they arise.

31. Financial assets**Overview**

The Trustee has appointed National Asset Servicing (NAS) as custodian of the Fund's invested assets effective 1 May 2009. NAS has taken over QIC's role in providing the Fund's investment value on a daily basis.

The Fund's assets principally consist of financial instruments which comprise units in collective investment vehicles, shares in unlisted entities, private equity investments and derivative financial instruments. The Trustee has determined that these types of investment are appropriate for the Fund and are in accordance with the Fund's investment strategy.

The allocation of assets between the various types of investments described above is determined by the Trustee, who manages the Fund's portfolio of assets in accordance with the investment strategy prescribed by the Trustee to achieve the Fund's investment objectives.

The Fund's investing activities expose it to the following risks from its financial instruments:

- market risk
- credit risk
- liquidity risk

The nature and extent of the financial instruments employed by the Fund are discussed below. This note presents summary information about the Fund's exposure to each of the above risks, the Fund's objectives, policies and processes for measuring and managing risk.

The Board of Directors of the Trustee has overall responsibility for the establishment and oversight of the Fund's risk management framework. The Trustee's risk management policies are established to identify and analyse the risks faced by the Fund, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund's activities.

The Trustee acknowledges that an integral part of its good governance practice is a sound and prudent risk management framework. The risk framework is documented in the Fund's Risk Management Plan and Strategy which is subject to regular review both by management and the Board and an annual audit of compliance.

The Board has established an Investment Management Committee, consisting of selected Board Members and one independent non-Director. The Investment Management Committee which is responsible for monitoring the Fund's risk management policies related to investment activities. This includes oversight of the allocation of investments to fund managers, evaluating their performance and providing recommendations to the Board.

The Investment Management Committee receives investment reports from the Asset Consultant on a quarterly basis (with additional reporting provided as and when required) and, in turn, refers these reports to the Board of Directors of the Trustee on its activities. Divergence from target allocations and the composition of the portfolio is monitored by the Asset Consultant, Custodian and the Fund Secretary on a monthly basis. Reports to the Investment Management Committee include the following:

- current asset allocations against target positions;
- investment performance against benchmarks; and
- fund manager reporting.

Further, the Fund undertakes extensive due diligence to ensure fund managers have appropriate skills and expertise to manage the Fund's allocated investments prior to their appointment and on an ongoing basis. QIC and the Custodian provided reports on the Fund's investment value to ESI Financial Services, the Fund's administrator, on a daily basis to allow appropriate monitoring of the market conditions, benchmark analysis and calculation of crediting rates and unit prices.

The Trustee's Audit, Compliance and Risk Committee oversees how management monitors compliance with the Fund's risk management policies and procedures and reviews the adequacy of the risk management policies and procedures and the adequacy of the risk management framework in relation to the risks faced by the Fund. The Trustee's Audit, Compliance and Risk Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit, Compliance and Risk Committee.

31. Financial assets (continued)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

To mitigate market risk, the Fund undertakes extensive due diligence prior to the appointment of Fund Managers and ongoing monitoring of the market conditions and benchmark analysis.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Fund is directly exposed to currency risk on financial instruments that are denominated in a currency other than the functional currency (Australia Dollars) of the Fund. The financial instruments presenting direct exposure to currency risk are the investments in the Pantheon Global Secondary Fund II, Lexington Capital Partners VI-B LP, Russell Global Property Fund 1, Hamilton Lane Co-Investment Fund II L.P., Siguler Guff Distressed Opp Fund, Harbourvest Dover Street VII and Franklin Templeton Asian Real Estate (Feeder) Fund (refer note 9).

The Fund currently maintains investments with fund managers which are denominated in Australian Dollars, but themselves have underlying exposures to foreign currencies. These managers are AMP Future Directions Core International Share Fund, AMP Future Directions Extended Markets International Share Fund, AMP Future Directions Emerging Markets, AMP Infrastructure Equity, QIC Diversified Fixed Interest Fund, Queensland Private Capital Fund, The Private Capital Group - Private Capital Units III, BGI Global Ascent Fund, Macquarie Global Infrastructure Fund III, Mellon Global Alpha Trust, BT Institutional Ethical Balanced Fund, Quay Australia 2 Fund, Quay Australia 4 Fund, Macquarie Alternative Investment Trust No. 3, Macquarie Alternative Investment Trust No. 4, AMP Airports, Stone Harbour High Yield Bond Fund, Stone Harbour Emerging Market and Apostle Loomis Sayles Credit Opportunities Fund.

Consequently, the Fund is exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse affect on the value of that portion of the Fund's investments denominated in currencies other than the Australian Dollar.

The Fund may invest in financial instruments and enter into transactions in currencies other than its functional currency within the conditions of the investment strategy. The Fund's strategy on the management of currency risk is driven by the Fund's investment objective and strategy. The Fund's investment strategy does not specify a limit to the value of investments denominated in foreign currencies but the Trustee requires that currency exposure be hedged as follows:

- Stable and Managed: 100% hedging for overseas equities
- Direct property: 100% hedging
- Global fixed interest: 100% hedging
- Alternatives: 100% hedging where the exposure represents more than 1% of any investment option at the advice of the asset consultant.

The Trustee uses QIC to manage a currency overlay on behalf of the Fund to hedge foreign currency.

The following tables only include direct and indirect investments with foreign currency exposure where the information can be obtained from the various investment managers.

Those direct and indirect investments with foreign currency exposure where the information can be obtained are Pantheon Global Secondary Fund II, Lexington Capital Partners VI-B LP, Russell Global Property Fund 1, AMP Future Directions Core International Share Fund, AMP Future Directions Extended Markets International Share Fund, AMP Future Directions Emerging Markets, QIC Diversified Fixed Interest Fund, Hamilton Lane Co-Investment Fund II L.P., Siguler Guff Distressed Opp Fund, Harbourvest Dover Street VII, Stone Harbour High Yield Bond Fund, Stone Harbour Emerging Market and Franklin Templeton Asian Real Estate (Feeder) Fund.

The direct and indirect investments with foreign currency exposure where the information cannot be obtained are Queensland Private Capital Fund, BGI Global Ascent Fund, Macquarie Alternative Investment Trust No.3, Quay Australia 2 Fund, Macquarie Alternative Investment Trust No.4, Macquarie Global Infrastructure Fund III, The Private Capital Group - Private Capital Units III, Mellon Global Alpha Trust, AMP Airports, Quay Australia 4 Fund, AMP Infrastructure Equity, BT Institutional Ethical Balanced Fund and Apostle Loomis Sayles Credit Opportunities Fund (see note 9(g)).

After taking into account the hedged positions, the Fund's net exposure to fluctuations in foreign currency exchange rates at the balance sheet date was as follows:

Assets	2009	2008
	\$'000	\$'000
<i>Units in unlisted unit trusts</i>		
USD	98,583	134,064
Euro	58,191	43,760
Yen	13,836	23,862
Pounds Sterling	20,601	23,329
Other	28,058	72,023
	219,270	297,038

This represents 9.15% of the Funds under management as at year end (2008: 10.92%)

31. Financial assets (continued)**Currency risk (continued)**

The Fund's exposure at balance date to foreign currency exchange rate movements on its international investments was as follows:

2009	USA A\$'000	EUROPE A\$'000	JAPAN A\$'000	UK A\$'000	OTHER A\$'000	TOTAL A\$'000
Gross investment amounts denominated in foreign currency	342,421	167,402	34,370	41,202	58,616	644,012
Less: Amount effectively hedged	(243,838)	(109,211)	(20,534)	(20,601)	(30,558)	(424,742)
Net Exposure	98,583	58,191	13,836	20,601	28,058	219,270

2008

Gross investment amounts denominated in foreign currency	365,703	214,763	64,608	62,991	151,020	859,086
Less: Amount effectively hedged	(231,639)	(171,003)	(40,746)	(39,662)	(78,997)	(562,048)
Net Exposure	134,064	43,760	23,862	23,329	72,023	297,038

Sensitivity analysis

Following analysis of expected currency rate movement during the 2010 financial year, a 10% movement in the Australian Dollar is considered reasonably possible for the 2009/10 reporting period. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2008 and is not guaranteed. The analysis is based on the Fund's financial instruments that have direct currency exposure.

A 10% weakening/strengthening of the AUD at 30 June would have increased/(decreased) the change for the year in net assets available to pay benefits and net assets available to pay benefits by the amounts shown below:

	Carrying amount	Change for the year in net assets available to pay benefits		Net assets available to pay benefits	
		-10%	+10%	-10%	-10%
<i>Effect in thousands of AUD</i>					
30 June 2009					
USD	62,505	7,636	(5,114)	7,636	(5,114)
	62,505	7,636	(5,114)	7,636	(5,114)
30 June 2008					
USD	23,427	2,343	(1,917)	2,343	(1,917)
	23,427	2,343	(1,917)	2,343	(1,917)

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The majority of the Fund's financial instruments are non-interest-bearing with only cash and cash equivalents being directly subject to interest rate risk. Any excess cash and cash equivalents above immediate working capital requirements are invested. The Trustee is of the view that the Fund experiences sufficient positive cash flow to meet its operational needs and benefit payments as they arise.

The Fund's interest rate risk is monitored on a limited basis as surplus cash is invested on a daily basis. Sensitivity analysis related to the Fund's exposure to interest rate risk has not been presented as it is not considered material to the Fund.

31. Financial assets (continued)**Profile**

At the reporting date the interest rate profile of the Fund's interest-bearing financial instruments was:

	2009 \$'000	2008 \$'000
Interest-bearing instruments		
Cash and cash equivalents	12,966	1,252
	12,966	1,252

All interest bearing financial instruments above, are at call.

Other market price risk

Other market price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate and currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

As all of the Fund's financial instruments are carried at net market value with changes recognised in the Statement of Changes in Net Assets, all changes in market conditions affecting net market value will be recognised in the Statement of Changes in Net Assets. Investments of the Fund (other than cash held for liquidity purposes) comprise units in collective investment vehicles, shares in unlisted entities, interests in foreign limited Partnerships and derivative financial instruments. The Fund's exposure to other market price risk is therefore limited to the market price movement of these investments. The Trustee has determined that these investments are appropriate for the Fund and are in accordance with the Fund's published investment strategy in respect of appropriate risk and return for the member investment choice options. The Fund's exposure at year end to other market price risk is detailed below.

Market price risk is mitigated by constructing a diversified portfolio of instruments which are traded on various markets. All investment managers are subject to extensive due diligence prior to being appointed with the recommendation for their appointment and removal made by the Investment Management Committee to the Board for final approval. The Fund Secretary receives quarterly reports from all investment managers and the Asset Consultant which are reviewed by the Investment Management Committee and assessed against relevant benchmarks and the Investment Policy Statement. Investment performance is reported to the Investment Management Committee and Board on a quarterly basis.

Further, management tracks the Fund's investment value on a daily basis through appropriate monitoring of the market conditions, and advice from the Fund's Asset Consultant, QIC and the Custodian.

Sensitivity analysis - other market price risk

Using available published investment analysis (Van Eyk) of expected 5 year investment rate movements, the following movements in other market price risk are reasonably possible for the reporting periods:

	2009	2008
Australian shares	10.2%	9.9%
International shares	8.4%	10.6%
Fixed interest	6.0%	6.7%
Property	8.0%	13.6%
Cash	5.8%	5.8%
SRI	8.5%	9.0%
Alternatives	9.8%	10.2%

31. Financial assets (continued)

Sensitivity analysis - other market price risk (continued)

The increase/(decrease) in the market price against the investments of the Fund at 30 June would have increased/(decreased) the change for the year in net assets available to pay benefits and net assets available to pay benefits by the amounts shown below. The analysis assumes that all other variables, in particular interest rates and foreign exchange rates, remain constant. The analysis is performed on the same basis for 2008 and is not guaranteed.

The sensitivity analysis is based on the five year average standard deviation for the asset class.

	%	Carrying amount \$'000	Change for the year in net assets available to pay benefits		Net assets available to pay benefits	
			Decrease	Increase	Decrease	Increase
<i>Effect in thousands of AUD</i>						
30 June 2009						
Australian shares	10.2%	554,600	(50,912)	50,912	(50,912)	50,912
International shares	8.4%	445,012	(33,643)	33,643	(33,643)	33,643
Fixed interest	6.0%	314,586	(16,988)	16,988	(16,988)	16,988
Property	8.0%	264,584	(19,050)	19,050	(19,050)	19,050
Cash	5.8%	421,111	(21,982)	21,982	(21,982)	21,982
SRI	8.5%	3,597	(275)	275	(275)	275
Derivative financial assets	9.8%	19,678	(1,736)	1,736	(1,736)	1,736
Shares in unlisted entities	9.8%	18,317	(1,616)	1,616	(1,616)	1,616
Growth alternative	9.8%	292,122	(25,765)	25,765	(25,765)	25,765
Defensive alternative	9.8%	61,548	(5,429)	5,429	(5,429)	5,429
		2,395,155	(177,396)	177,396	(177,396)	177,396
30 June 2008						
Australian shares	9.9%	669,832	(59,682)	59,682	(59,682)	59,682
International shares	10.6%	574,248	(54,783)	54,783	(54,783)	54,783
Fixed interest	6.7%	617,235	(37,219)	37,219	(37,219)	37,219
Property	13.6%	306,871	(37,561)	37,561	(37,561)	37,561
Cash	5.8%	182,601	(9,532)	9,532	(9,532)	9,532
SRI	9.0%	1,687	(137)	137	(137)	137
Derivative financial assets	10.2%	76,386	(7,012)	7,012	(7,012)	7,012
Shares in unlisted entities	10.2%	18,717	(1,718)	1,718	(1,718)	1,718
Growth alternative	10.2%	210,668	(19,339)	19,339	(19,339)	19,339
Defensive alternative	10.2%	0	0	0	0	0
		2,658,245	(226,983)	226,983	(226,983)	226,983

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will cause a financial loss for the other party by failing to discharge an obligations. The Fund has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis by management. The credit policy provides guidelines as to the appropriate terms and conditions of transactions entered into and the escalation procedures to follow when the recovery of assets is considered impaired.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the reporting date. No collateral is held as security or other credit enhancements exist for financial assets held. No financial assets are considered past due as all payments are considered recoverable when contractually due. The Fund's financial assets exposed to credit risk amounted to the following:

	2009 \$'000	2008 \$'000
Cash and cash equivalents	12,966	1,252
Unlisted unitised trusts	2,357,160	2,563,141
Shares in unlisted entities	18,938	19,337
Derivative financial assets	19,678	76,386
Contributions receivable	3,544	2,107
Income receivable	38,666	57,540
Financial guarantee (ESI Financial Services Pty Ltd and ISPT Custodians Pty Ltd)	576	322
Other receivables	307	352
	2,451,837	2,720,437

31. Financial assets (continued)**Credit risk (continued)**

Substantially all of the cash held by the Fund is held by Australia and New Zealand Banking Group Ltd. Bankruptcy or insolvency by Australia and New Zealand Banking Group Ltd may cause the Fund's rights with respect to cash held by Australia and New Zealand Banking Group Ltd to be delayed or limited. The Fund monitors its credit risk by monitoring the credit quality and financial positions of the bank through analysis of their financial reports.

Credit risk arising on other investments is mitigated by the extensive due diligence prior to the appointment of Fund Managers, appropriate monitoring of the market conditions and benchmark analysis.

Credit risk associated with contributions receivable and other receivables is considered low as there is usually a short settlement period. The Fund is an industry fund with a range of employer sponsors. The Fund monitors the ageing of the contributions and receivables outstanding on a monthly basis to ensure all receivables do not exceed 30 days.

Substantially all of the assets of the Fund are held by National Asset Services as the custodian of the Fund as of 1 May 2009. While considered unlikely, bankruptcy or insolvency of the custodian may cause the Fund's rights with respect to securities held by the custodian to be delayed or limited. The Fund monitors its risk by monitoring the credit quality and financial positions of the custodian through regular analysis of their financial reports.

Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. The Trustee is of the view that the Fund experiences sufficient positive cash flow and holds sufficient cash reserves to meet its operational needs and benefit payments as they arise.

The Fund's Trust Deed and Product Disclosure Statement provides for the daily withdrawal of benefits and it is therefore exposed to the liquidity risk of meeting members withdrawals at any time.

The Fund's financial instruments include investments in unlisted investments, which are not traded in an organised public market and which generally may be illiquid. As a result, the Fund may not be able to liquidate quickly some of its investments in these instruments at an amount close to their fair value in order to meet its liquidity requirements. As the amount of these investments is monitored to comply within the asset allocation stipulated in the Fund's Investment Strategy, and total \$578.2 million (2008: \$209.86 million), this risk is considered minimal.

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

	Carrying amount	Contractual cash flows	Less than 1 month	1 - 3 months
<i>Effect in thousands of AUD</i>				
30 June 2009				
Benefits payable	3,607	3,607	3,607	-
Trade and other payables	1,888	1,888	1,888	-
Vested benefits	2,569,502	2,569,502	2,569,502	-
	2,574,997	2,574,997	2,574,997	-
30 June 2008				
Benefits payable	7,839	7,839	7,839	-
Trade and other payables	5,360	5,360	5,360	-
Vested benefits	2,584,898	2,584,898	2,584,898	-
	2,598,098	2,598,098	2,598,098	-

Vested benefits (refer note 5) have been included in the less than one month column, as this is the amount that members could call upon as at year-end. This is the earliest date on which the Fund can be required to pay members' vested benefits, however members may not necessarily call upon amounts vested to them during this time.

The Fund is also committed to making further investments in financial assets as discussed in note 27.

Estimation of fair values

The Fund's financial assets and liabilities included in the statement of net assets are carried at net market value which directors believe approximates net fair value. The major methods and assumptions used in determining net market value of financial instruments were disclosed in note 2(f) of the significant accounting policies section.

At 30 June 2009, the carrying amounts of investments which fair values were determined directly, in full or in part, by reference to published price quotations amounted to \$2,103 million (2008: \$2,451 million).

31. Financial assets (continued)**Use of derivative financial instruments**

As at 30 June 2009 these derivative overlay accounts were held in the name of the Fund.

The Fund's investment managers may use derivative financial instruments to reduce the risks in the share, bond and currency markets and to increase or decrease the Fund's exposure to particular investment classes or markets. Derivative financial instruments are separately disclosed in the Statement of Net Assets.

At balance date, the notional principal amounts and net fair value of derivatives held by the Fund were as follows:

	Notional principal amounts		Net market value	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Derivatives - bond & bill futures	68,528	(115,612)	427	(37)
Derivatives - share price index futures	88,568	77,562	(272)	(6,829)
Futures margin account	20,033	77,560	20,033	77,560
Australian cash deposits	148	3,955	148	3,955
US cash deposits	157	-	157	-
Foreign exchange gain/(loss)	-	-	23	313
Forward contracts	-	-	(826)	1,359
	177,433	43,465	19,689	76,321

Overview of investments*Investments in unlisted unit trusts*

The Queensland Investment Corporation has invested in a variety of financial instruments, including derivatives which expose the Fund's investments to a variety of investment risks, including market risk, credit risk, interest rate risk and currency risk.

The Trustee understands the risks associated with these types of investments and has determined that they are appropriate for the Fund. Such investments are in accordance with the Fund's published Investment Strategy.

The Trustee seeks information from the trustee and/or manager of each collective investment (and may also seek independent advice from other qualified persons) to determine the nature and extent of any risks, and the expected returns, associated with each investment prior to determining its suitability as an investment of the Fund. This includes the receipt of a formal Risk Management Statement, as required by the Australian Prudential Regulation Authority, from each investment manager.

Investments in other investments

Other investments of the Fund comprise units in the: Queensland Private Capital Fund – Infrastructure Sub Fund, Quay Australia No. 2 Fund, Pantheon, Lexington Capital Partners VI-B LP, Super Business Loans Trust No.1, Macquarie Alternative Investment Trust No. 3, Macquarie Alternative Investment Trust No. 4. The Trustee understands the risks associated with this type of investment and has determined that they are appropriate for the Fund. Such investment is in accordance with the Fund's published Investment Strategy. The Trustee obtains regular reports from the respective investment manager on the nature of the investments made on its behalf and associated risks.

32. Remuneration of auditors

	2009 \$	2008 \$
Audit Services		
BDO Kendalls:		
Audit of financial statements and compliance of the Fund and Trustee Company	46,000	43,900
Total	46,000	43,900

33. Superannuation surcharge

Under the Superannuation Contributions Tax (Assessment and Collection Act) 1997, the holder of surchargeable contributions for the financial year is liable to pay a superannuation contributions surcharge. The surcharge is levied on surchargeable contributions depending on the individual member's adjusted taxable income. The Fund has recognised the surcharge as a liability when the assessment (including advance instalment) is received from the Australian Taxation Office. No assessed surcharge liability remains unpaid at year end. The surcharge is no longer levied on surchargeable contributions made after 1 July 2005, however assessments relating to the period prior to this date continue to be received.

34. Segment reporting

The Fund's objective is to provide benefits to members upon retirement, death or disability. The Fund invests in Australia and overseas markets. The investment in overseas markets is achieved by investing in Australian domiciled unlisted trusts except for the following investments:

Name	Country of Incorporation	Investment Form	2009 A\$	2008 A\$
Pantheon Global Secondary Fund II	Guernsey	Limited company	5,500,682	7,643,903
Lexington Capital Partners VI-B LP	U.S.A	Limited partnership	12,816,417	11,073,170
Russell Global Property	U.S.A	Limited partnership	9,114,769	4,710,000
Franklin Templeton Asian Real Estate (Feeder) Fund	Australia	Managed investment scheme	9,495,061	-
Harbourvest Dover Street VII	U.S.A	Limited partnership	9,859,519	-
Siguler Guff Distressed Opp Fund	U.S.A	Limited partnership	7,084,361	-
Hamilton Lane Co-Investment Fund II L.P.	U.S.A	Limited partnership	8,634,300	-

The Fund may enter into foreign denominated derivative contracts to effectively hedge part of this indirect exposure.

The Fund principally supplies superannuation services to employees and former employees of the electricity industry within Queensland.

ELECTRICITY SUPPLY INDUSTRY SUPERANNUATION FUND (QLD)

Trustee's declaration to members

In the opinion of the Directors of Electricity Supply Industry Superannuation (Qld) Ltd being the Trustee of the Electricity Supply Industry Superannuation Fund (Qld):

- (i) The Financial Statements as set out on pages 3 to 29 are drawn up so as to present fairly the financial position of the Electricity Supply Industry Superannuation Fund (Qld) at 30 June 2009 and the results of its operations and cash flows for the year ended and;
- (ii) The operation of the Electricity Supply Industry Superannuation Fund (Qld) has been carried out in accordance with its Trust Deed dated 16 June 1995 as amended, in compliance with:
 - the requirements of the Superannuation Industry (Supervision) Act 1993 and Regulations;
 - applicable sections of the Corporations Act 2001 and Regulations;
 - the requirements under Section 13 of the Financial Sector (Collection of Data) Act 2001; and
 - the Guidelines issued by the Australian Prudential Regulation Authority on Derivative Risk Management Statements for Superannuation Entities Investing in Derivatives during the year ended 30 June 2009; and
- (iii) The financial statements have been prepared in accordance with Accounting Standards, other mandatory reporting requirements and the provisions of the Trust Deed dated 16 June 1995 as amended.

Signed in accordance with a resolution of the Directors of the Trustee company by:

.....
R J HENRICKS
CHAIRPERSON OF DIRECTORS

Dated at Brisbane this day of

**Independent Report by Approved Auditor
to the Trustee and Members**

**Independent Report by Approved Auditor
to the Trustee and Members**
